

# CEE Bankwatch Network comments on the draft of the EBRD Infrastructure Sector Strategy



Traffic jam in Tbilisi, Georgia.

Bankwatch appreciates the extensive public consultation process and the opportunity to submit written comments on the draft of the EBRD's new Infrastructure Sector Strategy (the draft Strategy). The approach demonstrates good practice in stakeholder engagement at the policy level and in opening space for civil society in policy co-creation processes. We hope for continued dialogue with EBRD policy and decision makers in the coming months as the Strategy is finalised.

In summary, we welcome the first and the third strategic directions, *Improve connectivity* and *Strengthen resilience*, which demonstrate a strong emphasis on good governance, inclusion, safety, affordability, accessibility of municipal and transport infrastructure, and services. **In our view, the weakest part of the draft Strategy that needs improvement is the second strategic direction, *Enhance climate and nature action*, in relation to decarbonisation and the promotion of circular economy principles and sustainable management of solid waste.** In the submission below we elaborate on the need for the Strategy to:

- provide more details on circularity and the solid waste sector, including the need to respect the EU waste management hierarchy (starting from waste

For more information

**Fidanka Bacheva-McGrath**  
Cities for People  
strategic area leader  
CEE Bankwatch Network  
[fidankab@bankwatch.org](mailto:fidankab@bankwatch.org)

Learn more: [bankwatch.org](https://bankwatch.org)



prevention), as well as clear definitions and prioritisation for the solutions and technologies referred to under the term ‘waste-to-energy’;

- promote decarbonisation of the transport sector and ensure modal shift to more sustainable alternatives, such as rail and public transport; and
- exclude unsustainable fuel sources for district heating, particularly gas, waste-to-energy and primary forest biomass.

## Introduction

Bankwatch’s initial submission for the preparation of the EBRD’s new Infrastructure Sector Strategy made recommendations in three areas:

- **Green:** alignment with the Paris Agreement, decarbonisation of infrastructure sectors and promotion of circular economy principles
- **Inclusive and well-governed:** transparency and accountability throughout the decision-making process; accessibility; and protection of the rights and livelihoods of people, including of vulnerable groups suffering intersectional discrimination and marginalisation
- **Economically and financially sustainable:** good value for money and affordability for countries and people (for example, with regard to tariff increases or compensation for land and livelihood loss), allocation of sufficient operational costs to ensure infrastructure complies with EU standards

We appreciate that the draft Strategy reflects our recommendations related to inclusion and governance. The first strategic direction, *Improve connectivity*, and the two critical action areas under it demonstrate a strong emphasis on inclusion, safety, affordability and accessibility of infrastructure and services. We also welcome the third strategic objective, *Strengthen resilience*, and the two critical action areas under it, showing a recognition that the ‘*combination of investment and policy reform is a powerful vehicle for driving transition towards better-governed and more competitive economies*’.

Since 80 per cent of the EBRD’s infrastructure investments are in the public sector, with a significant number of state-owned enterprise (SOE) and public utility clients, the draft Strategy includes a strong focus on policy dialogue at the national, local and sectoral levels, plus capacity building for clients, including on gender equality and environmental, social and governance (ESG) standards. There is also a recognition in the parts on transition challenges with regard to *Participation* that ‘*[s]pace needs to be made for underrepresented groups’ participation*’.

That said, under first strategic direction, *Improve connectivity*, we see the need for deeper thinking and more specific actions and measures around integration, not only between the municipal and transport sectors, but also with regard to better integration of infrastructure investments in spatial planning and sustainable land use. For example, Green Cities Action Plans and Sustainable Urban Mobility Plans supported by the Bank need to be clearly linked to up-to-date general urban plans. In addition, a stronger prioritisation of modal shift is needed to prevent road transport and aviation from dominating investments while rail and urban mobility are left behind (see more in section 2.1).

In our view, the weakest parts of the draft Strategy relate to the promotion of circular economy principles and the solid waste sector, and the decarbonisation of the transport, district heating and cooling sectors. Therefore, our comments focus on how the second strategic objective, *Enhance climate and nature action*, can be strengthened. We sincerely hope that the EBRD will find the feedback helpful and consider the recommendations for improvement of the Strategy in these two areas, in line with the EBRD's Strategic and Capital Framework (SCF), Green Economy Transition (GET) and sustainability mandate.

## 2. Circular economy and sustainable solid waste management

### 2.1. Circular economy

There is a very thin thread on circularity, materials and resource efficiency that runs through the EBRD's draft Infrastructure Sector Strategy. It fails to demonstrate a strong commitment to a circular economy and to spell out a robust practical approach that would guide the Bank's clients and stakeholders.

We acknowledge and welcome the following parts of the strategy that are relevant to the circular economy and resource and materials efficiency:

- On p. 19, there is a recognition of **transition challenges** in EBRD regions with regard to *Pollution and resource use*: *'Coupled with scarce resources and land-use constraints, cities are facing additional environmental challenges. They need cross-sectoral responses that bear green electrification, low-carbon technologies and resource efficiency in mind.'*
- On p. 22 in describing strategic direction 2, *Enhance climate and nature action*, there is the **objective** to *'Promote circular economy practices by closing energy and material loops'*, with suggested examples: *'using urban waste heat for district heating, using recyclables as secondary raw materials; reusing construction and demolition waste in the roads and construction sectors; and using treated final effluent from sewage, and biowaste and landfill gas for energy production'*.

Unfortunately, the thread gets thinner and **needs to be strengthened in the following sections on Critical actions and Results monitoring**. For example, under strategic direction 2, *Enhance climate and nature action*, it is unclear what sectors will be covered in the critical actions, so we recommend:

- On p. 27 under critical action area 3, *Promote low-carbon transportation and heating*, the **solid waste sector (and water) should be added**.

Additionally, on p. 27, only one of the proposed actions can be considered related to circularity and the aforementioned objective in strategic area 2, namely:

- *'Assess and identify opportunities to reduce whole-life carbon by using low-carbon materials in infrastructure projects'*.

**We recommend the addition of more actions, such as:**

- Promote demand side management to reduce energy and resource consumption.

- Support regulatory reform and policy initiatives for circular economy and resource efficiency at national, municipal and sectoral levels.
- Support clients' innovation, for example, by setting models for sustainable production and consumption, and the circular use of materials and resources in cities.
- Encourage the creation of new markets for services (instead of buying products/tools for limited use), the sharing economy, reuse, up-cycling and recycling, and secondary materials use.

Similarly, on p. 34 in *Results monitoring: theory of change*, an outcome at the client and market level is presented that could be relevant for the circular economy approach, yet it could be expanded to measure progress on the section's objective with regard to the promotion of circular economy practices:

- *'Environmental benefits (reduced pollution, improved energy efficiency and so on)'*.

**We recommend broadening the outcome to include 'energy and resource efficiency'.**

On p. 36 in the Performance Monitoring Framework for strategic direction 2, *Enhance climate and nature action*, there is the following output / tracking indicators:

- *'New/refurbished/expanded infrastructure that supports circular economy principles (such as number of waste-to-energy facilities)'*.
- *Resources recovered or recycled (m<sup>3</sup>/y, tonnes/y)*

**With regard to indicators, on p. 35 and 36, we suggest adding Circular Economy Indexes to the lists**, as well as other relevant indicators. For example:

- Number of clients that adopted technologies and solutions that enable a circular economy.
- Number of clients in the municipal and transport sectors that reduce their negative operational impact by optimising resource use / minimising waste generation.
- Number of regulatory initiatives in support of circular economy supported by the EBRD.

Finally, the Strategy should integrate the shared vision<sup>1</sup> for circular economy finance that the EBRD recently joined with other multilateral development banks, committing to:

- share risk in the financing of important projects and coordinate interventions to foster adequate innovation, supply and demand, and regulatory interventions;
- foster cooperation and bolster circular economy initiatives to address local, national, and regional needs effectively; and
- support public authorities in developing coherent policies and regulations that create the enabling framework for the circular economy.

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<sup>1</sup> Rezo Bitsadze, '[MDBs publish shared vision for circular economy finance at WCEF 2024](#)', EBRD, 15 April 2024.

## 2.2. Solid waste management

The attention given to the solid waste sector in the draft Strategy is insufficient. This is understandable, on the one hand, in view of the high number and diversity of sectors and sub-sectors covered in the Strategy. On the other hand, this weakness is not justifiable given the transition challenges, need for policy reform and investment, and significant opportunities for sustainability gains in the solid waste sector in our countries. For example, although the draft Strategy mentions net-zero investment needs and scenarios for net-zero buildings, district heating and cooling, transport and water (p. 7, 8, 11, 22, 27), it does not mention **net-zero solid waste** at all.

It should be acknowledged that in the *Performance monitoring framework* on p. 36 there are tracking indicators / outcomes that suggest some action will be taken with regard to the solid waste sector:

- *CO<sub>2</sub> equivalent emissions reduced or avoided (tonnes/y)* – relevant for methane reduction from the waste stream or, as a last resort, from landfills
- *Resources recovered or recycled (m<sup>3</sup>/y, tonnes/y)*
- *Waste diverted from landfill (tonnes/y)*
- *Natural environments restored, improved or enhanced (e.g., area of land, length of river, number of interventions)* – relevant for the closure and rehabilitation of non-sanitary dumpsites

Although **these indicators are very welcome and should be kept**, the draft Strategy does not clearly spell out the approach to the solid waste sector and how it fits into the strategic directions and critical action areas. It would be necessary for the final Strategy to address this omission and provide more clarity on the EBRD's approach to solid waste investments and other types of support, e.g. policy reforms, capacity building and standard setting.

Moreover, the draft Strategy appears to propose predominantly 'end-of-pipe' waste stream utilisation solutions, such as waste-to-energy (WTE on p. 5, 13) and methane capture from landfills. The draft lacks a clearly stated intention on the part of the EBRD to support **waste prevention and the diversion of valuable resources from the waste stream**, in line with EU standards, best practice and the Bank's own Paris Alignment methodology.

In this regard, it is important to again remind EBRD policy and decision makers of the EU's waste mitigation hierarchy, as defined in the EU Waste Framework Directive. The hierarchy states that waste prevention and re-use should be priority options, followed by recycling (including composting), and finally energy recovery and disposal on landfills as a last resort.

Moreover, the EBRD's Paris Agreement Alignment methodology identifies three stages of infrastructure development for the waste sector, claiming that they correspond to the EU's waste management hierarchy:

- Early-stage development, which includes collection and disposal in sanitary landfills, closure and remediation of dumpsites, and methane capture from landfills as a greenhouse gas reduction measure;



- Second-stage development, which includes waste separation at source, subsequent processing and recycling, and/or technologies to divert solid waste from landfilling, such as mechanical-biological treatment (MBT) plants, supported by a roadmap for advancing to the next stage;
- Advanced development stage with priorities focused on the separate collection of dry recyclables, biodegradable waste and residual (mixed) waste; biodegradable waste treatment in composting/biogas plants and MBT/WTE plants; and waste prevention in addition to recycling in order to reduce waste before it occurs.

Without arguing here about the adequacy of the EBRD's Paris Alignment methodology for the solid waste sector, the draft Strategy simply fails to reflect it. It jumps directly to WTE, which is considered an advanced stage development option by the EBRD methodology and ignores the other stages and options. The draft Strategy considers WTE a priority and an 'advanced stage' option but fails to consider and integrate the wide variety of other solutions that are needed to address the diverse needs and opportunities in the Bank's countries of operations.

There are several places where municipal solid waste needs to be added as an area of intervention under the second strategic area. For example, on p. 6, critical action area 3, *Promote low-carbon transportation, heating and water systems* does not refer to solid waste; on p. 27, *Promote low-carbon transportation and heating* refers neither to water nor to solid waste. On p. 28, under *Paris Agreement alignment*, 'affordable water, warmth, and connectivity' are mentioned, suggesting that the policy team was debating whether to put water in critical area 3 or critical action area 4 on p. 6, *Explore the potential for nature-based solutions in infrastructure* (which on p. 6 is critical area 5 and is called slightly differently - *Explore the potential for nature financing in infrastructure*).

In addition, the EBRD's strategy needs to define what is meant by 'waste-to-energy', and consider using more technology-specific terminology. WTE covers a variety of technologies, but in our countries, it is most frequently understood as combustion, e.g. waste incineration with energy recovery, burning in cement kilns, pyrolysis or gasification. This is the very definition of a linear, not circular, economy, and the EBRD should not be using scarce public funds for these technologies where its countries of operation have not prioritised waste prevention, reduction, recycling and composting.

In this respect, it may be useful to make a clear reference to the European Commission's Communication on 'The role of waste-to-energy in the circular economy'<sup>2</sup>. **The Strategy should be explicit that EBRD investments will support circular economy principles and policy objectives and strictly follow the EU waste management hierarchy that prioritises waste prevention, re-use and recycling over energy recovery and landfill gas capture.**

In critical action area 4, *Explore the potential for nature-based solutions in infrastructure*, the focus is very much on water, mentioning water quality, flood and drought management, coastal protection, and landslide risks. There is minimal mention of green roofs and green areas; however, waste is not mentioned

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<sup>2</sup> European Commission, [COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS. The role of waste-to-energy in the circular economy](#), European Commission, 26 January 2017.

at all, even though there is an obvious connection to biological/biodegradable waste and innovative solutions for its in-situ or ex-situ composting and treatment.

On p. 30, critical action area 5, *Scale up and deepen climate action in cities*, the approach to infrastructure and services is outlined more broadly, without detailing intended actions in any of the municipal sectors or any specific measures, although there is a mention of Circular Economy Plans. Perhaps here or in an additional slide on cities would be a good place to elaborate on the approach to municipal solid waste.

We suggest the final Strategy list types of strategic interventions the EBRD plans to make in critical areas 3, 4 and 5 (p. 27, 29, 30) of the second strategic direction, such as:

- Support waste prevention measures, separation at source, recycling and up-cycling initiatives via municipal investments, including through initiatives and collaborations between public utility commissions (PUCs) and private sector clients from other sectors (retailers, manufacturers, hotels, etc.).
- Promote green areas as a climate adaptation measure with innovative solutions for sustainable management of biological waste, such as composting at household, communal and municipal levels.
- Support policy dialogue and sectoral planning and reform.

### 3. Decarbonisation of infrastructure

We recommend that the EBRD no longer uses the term ‘low-carbon’, as it is too ambiguous and does not signal the kind of decisive shift in investments needed. We recommend ‘**decarbonised**’ or where applicable ‘**renewable**’.

Regarding *Critical action area 3: Promote low-carbon transportation and heating*, we welcome the inclusion of investments in electricity **distribution grids**, a burning issue in many countries of operation, as well as the emphasis on **energy savings** encompassed in several of the focus points.

We also welcome the recognition that there is a need to ‘*Avoid and mitigate E&S [environmental and social] risks during the shift to decarbonised infrastructure*’, but encourage the Bank to **explain in more detail** the types of risks it is referring to and how it plans to tackle them.

The EBRD’s Environmental and Social Policy requires environmental and social impact assessments (ESIAs) and public participation mainly for major greenfield infrastructure projects covered by the EU EIA Directive, which is not always adequate since investments in cities can affect millions of people daily but do not always require an in-depth assessment. E&S risks in decarbonised infrastructure have already been an issue for many years in some countries, but we expect this to escalate due to an increase in investments.

We also ask the Bank to **explain** what it means by ‘*Assess and identify opportunities to reduce whole-life carbon by using low-carbon materials in infrastructure projects*’. If this means burning waste in cement kilns to reduce the use of coal, it should not be supported, as combustible waste usually consists mostly of plastic and paper, neither of which are ‘low-carbon’.

Below we outline our comments specific to transportation and heating/cooling.

### 3.1. Transport

Overall, it is hard to tell what the Bank plans to do in this sector, which creates a **risk of its approach being client-led rather than strategy-led** and continuing with business as usual rather than making transformative investments. One slide per Critical Action Area is not sufficient to be clear.

Under critical action area 3, Promote low-carbon transportation and heating, the intention to ‘[s]peed up the shift to zero-emission vehicles in all sectors and expansion of charging infrastructure’ is reasonable, but as with strategic direction 1, it lacks any **modal shift** element. A livable future and people-centred cities are simply not possible if low-occupancy car transport continues to dominate, partly due to the resources required to manufacture so many vehicles and partly due to the enormous amount of space they require.

Of course, roads will continue to be needed, but the EBRD should not support the construction of new highways. **Rail transport must be improved first.** It is extremely difficult to get people to shift to rail if they have become used to the existence of a high-speed road or motorway. Likewise in cities, there must be no repeat of the so-called ‘Green Boulevard’<sup>3</sup> project in Belgrade, where no cycle lanes were included and the tram lanes were not separated from the car lanes, thus slowing down public transport. **Space for non-motorised transport and effective public transport must be a basic condition of EBRD urban financing.**

The intention to ‘invest in [Paris-Agreement]-aligned transition fuels and technologies’ needs to be explained better. The page on Paris alignment (p. 28) does not explain what fuels, technology or infrastructure counts as Paris-aligned under the EBRD’s definition. Particular E&S risks accompany any kind of biofuel project, including those involving secondary biofuels; renewable hydrogen is too scarce, expensive and energy-intensive to be used for most types of land transport; and plastic-to-fuel technologies cannot be considered Paris-aligned because they require the combustion of fossil fuels. In reality, **electrification** is still the only promising way ahead for most forms of transport.

### 3.2. District heating and cooling

As with the other critical action areas, it is difficult to see what the Bank really plans, and there is a danger that the strategy’s implementation will be too demand-driven and not strategy-led.

Generally, investments in district heating/cooling are much needed due to their importance for decarbonisation, and because the need to secure a new heat source can block or delay the closure of coal or gas power plants. In general, it is therefore welcome that the EBRD plans to ‘[i]ncorporate renewable energy options and balance with energy storage, where appropriate’.

But the Bank needs to **specify which ‘renewable’ options** it sees as most promising in which region and where it will be concentrating its efforts and why. We are concerned about its interest in **forest biomass** in Tuzla, Bosnia and Herzegovina, due to both its carbon intensity and its impact on forests in a country with very low environmental governance standards. Introducing ‘EU standards’ in this sector is not sufficient, as the EU’s own biomass sustainability criteria are too weak and possibly unenforceable, particularly in a context of poor environmental governance.

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<sup>3</sup> Pippa Gallop, Emily Gray, [‘A walk on the wild side’](#), CEE Bankwatch Network, 18 November 2019.



The mention of **'waste-to-energy'** at several points in the draft also raises concerns that the Bank may again support waste incineration with heat recovery for the purposes of district heating (see also section 2.2 on solid waste).

We are particularly troubled to see that *'[t]he transition from coal to less polluting heat or power generation sources in sectors such as district energy may involve investment in natural gas-based infrastructure'*. **There is no more time for multiple transitions. The climate emergency is already here, with extreme storms, floods, droughts and wildfires happening with increasing frequency and ferocity. The EBRD must finally stop financing fossil gas.** It does not help that *'[t]he EBRD's involvement in such investments will follow the Bank's approach to fossil-fuel investments contained in the ESS and become increasingly rare over time'*, because there is no more time.

In addition to **energy savings, heat pumps and renewable heat sources such as waste heat from industrial processes, solar thermal and geothermal** (with reinjection and capture of harmful gases) should be the main priority for district heating during this strategy period.

#### 4. Private sector involvement

As was the case for the EBRD's municipal and environmental infrastructure (MEI) and transport strategies, we would like to see a more critical and analytical approach taken towards private sector involvement in non-profitable public services. The statement on p. 9 – *'Moving from the left (full public involvement) to the right (towards full privatisation) below can only occur by nurturing these types of reforms'* – suggests that the end goal is full privatisation for all sub-sectors. This makes no sense, as even the most advanced market economies do not have this in place, and it is not stated as a goal in the rest of the strategy.

We welcome the caveat on p. 10 that *'PPPs [public-private partnerships] are not suitable for all types of project and should be used where they provide value for money compared with traditional public-sector procurement'*, although it would be useful to see more analysis of where the EBRD thinks this is the case.

The only clues are on p. 18 where it states: *'PPPs are a viable delivery mode for desalination, with strong potential in countries such as Egypt, Jordan, Morocco and Tunisia'*, and p. 32 where it says: *'Explore opportunities to invest in social infrastructure, in line with market needs and where there is clear value for money from private-sector involvement, including housing, school and hospital PPPs'*. However, it is not clear why these sectors have been chosen, as water is one of the most socially sensitive resources, and school and hospital PPPs have been extremely poor value for money in the UK. Despite the UK being the home of PPPs, in 2018 the then government stated<sup>4</sup> that it would no longer sign new deals, reflecting an already drying up project pipeline.

Moreover, the view expressed on p. 10 that *'PPPs are a significant strategic opportunity, with EBRD economies currently underweighted compared with other global regions'* again suggests a presumption that the EBRD region somehow has to 'catch up' by increasing its PPPs – which in reality is a completely non-existent imperative and does not account for the demise of the PPP model in the UK, Portugal, Hungary and elsewhere.

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<sup>4</sup> Lorna Booth, ['Goodbye PFI'](#), *House of Commons Library*, 30 October 2018.

Given that 80 per cent of the Bank's infrastructure investments are in the public sector, we welcome *critical action area 7* on developing human capital and encouraging full participation in infrastructure, as this is where a major difference can be made. We would also like to see further explanation of how the Bank plans to help make public sector bodies more accountable and open to public participation in decision-making, to ensure long-term improvements.

## 5. Integration of infrastructure and climate investments in spatial planning

The draft Strategy recognises that *Spatial and regional integration* is a transition challenge and notes that '*Integrated land and transport development, intercommunal development agencies with land-use policies, and building regulations are needed to help mobilise additional resources for city, regional and national development*'. Under the first strategic direction, *Improve connectivity*, and the related critical action areas, there is focus on local and regional connectivity and sectoral integration. However, the draft Strategy lacks a deeper consideration of how spatial planning and land use problems can be tackled.

Without sufficient spatial considerations, climate finance in the transport and municipal sectors is 'blindfolded' and may even cause more harm than benefits to the sustainable development of cities and affected communities. Spatial planning ensures the equal distribution of economic benefits and is a precondition for inclusive, just development. Sectoral master plans and spatial plans for transport corridors are equally important as general urban plans, so planned investments can demonstrate that they complement a network or a system. Assessments, justification studies and feasibility studies should elaborate on how individual projects promote integration and connectivity in existing networks.

In our experience monitoring the EBRD's initiatives, like Green Cities, and investments in the municipal sector or highway corridors in Georgia and Bosnia and Herzegovina, many difficulties arise due to poor spatial planning and integration of climate investments in urban plans. There is a track record of the Bank's support to climate mitigation and adaptation that lacks connection to overarching strategic policy frameworks and spatial plans. A worrying lack of up-to-date general urban plans, spanning from Central Asia (e.g. Samarkand) to Western Balkans (e.g. Sarajevo) undermines and calls into question the allocation of municipal infrastructure investments.

For example, although access to services typically deteriorates as one moves from the center toward the outskirts of the city, often investments are not allocated to address this. Cities are seen prioritising connectivity to new business parks and malls, not to underserved residential areas of disadvantaged groups. Similarly, countries prioritise trade and logistics, regional connectivity, while neglecting passenger transport (rail particularly) and the needs and development preferences of affected communities along transport corridors.

Furthermore, spatial plans and master urban plans that are 20 to 30 years out of date are highly unlikely to properly consider and address today's climate challenges. Referencing the existence of such plans while overlooking the fact their update is required is seriously undermining the quality of Green City Action Plans and similar documents.

In this regard, we note that the draft Strategy has a strong focus on inclusion of underserved areas and disadvantaged groups under strategic direction 1, *Improve connectivity*, and critical action area 2, *Widen access to high-standard, affordable services*. We also welcome the intention declared in the draft Strategy

to 'involve communities, including underserved groups, in decision-making' (p. 26). In this connection, **we recommend that the Strategy should include support to spatial planning as part of sectoral reforms and capacity building in critical action area 6, Increase the resilience of infrastructure and associated services (e.g. on p. 31).**

## 6. Ukraine

First of all, we would like to note with gratitude the inclusion of Ukraine as a separate country of focus in the draft Strategy. Many issues that are directly relevant to the challenges in Ukraine are also addressed throughout the draft and the three strategic directions: *Improving connectivity; Enhancing climate and natural action; and Strengthen resilience.*

The proposed actions to address the urgent problem of access to EBRD financial resources through the expansion of financial instruments and direct access are welcome (p. 5, 19). However, the Strategy pays insufficient attention to the development of specific mechanisms for direct financing for small municipalities and their emergency reconstruction needs. Existing mechanisms are based on indirect financing of small municipality projects through Ukrainian banks (e.g. Ukreximbank).

On p. 53, funding priorities in Ukraine should be expanded to include investments in urban power generation from renewable energy sources, including distributed generation on rooftops. To address energy resilience and rebuild municipal infrastructure, municipalities are in critical need of the Bank's support through:

- direct project financing;
- opportunities to receive local currency loans;
- an increased grant component; and
- the involvement of independent experts to provide technical support for project development at the expense of banks.

In Ukraine, the EBRD has implemented projects in district heating based on the use of wood chip boilers. However, this raw material is controversial with respect to the preservation of forests and productive agricultural land. In addition, on p. 13, we would recommend adding a specific type of waste to *Solid waste and environmental clean-up*: waste generated due to the damage (destruction) of buildings and structures because of hostilities.

There is also a need for the Bank to support innovative projects in Ukraine on par with its support for those in the EU. The Paris Alignment Methodology and the EU taxonomy should be applied to all EBRD projects in Ukraine. Lastly, the EBRD should support good governance in these challenging times. Transparency and participation should underpin all EBRD investments, and municipal and transport investments in Ukraine should be no exception.